



Biweekly Narrative Seafood Report (No: 9-2001): Korea

Prepared by Alaska State Trade Representative for Korea

July 19, 2001

1. Korean Economy Update

Korea's economy, continuing a downturn since the second half of 2000, now shows signs of picking up, with the improvement of internal and external economic conditions.

The real GDP during the first quarter of 2001 rose 3.7 percent year-on-year, posting a higher-than-expected growth rate. Despite the slowdown in domestic demand—such as consumer spending (0.9 percent), investment in construction (1.4 percent), and facility investment (-7.9 percent)-- exports maintained moderate growth. Manufacturing and service sector activity was brisk. In particular, the growth of the IT industry soared by 17.7 percent, an important contributor to the increase in the GDP.

On the downside, facility investment and construction orders received continued to decline, registering 5.1 percent and 27.2 percent decrease, respectively. Output in the agricultural, forestry, and fishery sectors remained flat.

Several economic indexes reached consensus on recovery signs. The leading composite index, forecasting economic situations, increased 0.2 percent for two successive months from February through March. Both the Consumer Survey Index and the Business Survey Index, which helps to forecast business prospects for the coming months, have been on a steady rise since January 2001.

Consumption figures in March rose as wholesale and retail sales increased by 3.6 percent, while industrial output also increased 6.4 percent. The average operation ratio stood at 74.9 percent in March, the same as a month earlier.

The unemployment rate in April registered 3.8 percent, a full one percent drop from the preceding month. This was attributed to seasonal factors in the agricultural, forestry, and fishery sectors and an increase in demand for workers in the service sector. Unemployment (actual number of jobless) in April stood at 850,000, decreasing by 190,000 from a month earlier.

The financial market, which has been volatile due to the widening foreign exchange rate and the rise in interest rates, recovered somewhat in May. Corporate financing appeared to pick up, as more companies tapped corporate bonds and commercial paper. The corporate financing climate continues to improve, spurred by expanded bank credit to the corporate sector—in particular small-and medium-sized enterprises--and the increased issuance of corporate bonds.

(Source: the Ministry of Finance & Economy, Seoul, Korea)

2. Japan to Allow ROK Fishing to Fish Near Disputed Area

The Japanese government has decided to allow South Korean boats to operate in some areas of its exclusive economic zone (EEZ) close to the disputed Northern Territories, known to Russians as the Southern Kurils.

The Ministry of Maritime Affairs and Fisheries (MOMAF) yesterday said the Japanese government notified Seoul in an official letter that it will authorize Korean vessels to catch saury, a type of fish, in the areas.

MOMAF Director Park Jae-young explained, however, that the Japanese side attached some strings to its lifting of the embargo, declining to specify. ``Japan said it would unveil the conditions in a meeting set to be held July 19," he said. He said Japan issued letters, through officials at the Korean Embassy in Japan, permitting Korean boats to fish in the Sanriku area. ``Tokyo also promised it would stop all warning activities against South Korean vessels on the open seas," he said.

Japan's decision is expected to soften bilateral diplomatic tension involving the fishing issue. Tokyo triggered the ``fishing war" with Seoul when it banned Korean vessels from operating in the area north of the Japanese Island of Hokkaido. This was an apparent move to resist the accord between South Korea and Russia under which 26 Korean boats were allowed to engage in saury fishing off the disputed islands.

Japan appeared to believe that the Korea-Russia accord would lend legitimacy to Russia's claims over the islands, although Seoul repeated its stance that the matter is purely related to fishing, not to territory.

Japan prohibited Korean boats from entering the area, inviting a furious response from related Korean concerns. MOMAF had threatened to sever all cooperative ties in the area of fishing should it fail to withdraw its decision. Under the Korea-Japan fishing agreement, the 26 Korean boats are set to catch 9,000 tons of saury in the Sanriku area starting August 20 through to November 30.

(Source: July 19, 2001, the Korea Times, Seoul, Korea)

3. Korea's Wholesale Fisheries Market Update

a) Noryangjin Wholesale Fisheries Market (July 4 – 10, 2001)

- Compared to the previous week, prices for most species (except for sashimi-grade raw fish) decreased.

- Live small halibut (wild) for sashimi:

Price: W 31,000 per kg for medium (24% increase)

- Live small halibut (farmed) for sashimi:

Price: W 4,500 per kg for medium (W 5,000/kg decrease)

- Fresh Cod:

Supply Volume: 1,000 kg per day (unusual harvest)

Price: W 5,000 - 13,000/kg

- Fresh Squid:

Supply Volume: 36,000 – 42,000 kg per day

Price: W 13,000 per 6-kg- box for medium

- Fresh Hair Tail:

Supply Volume: 12,000 kg per day

Price: W 15,000 per 4-kg- box for small

b) Garak-Dong Wholesale Fisheries Market (July 3 – 9, 2001)

Though this is a low part of the season due to poor local catch, fresh species such as mackerel and Pollock have dominated the market.

- Fresh mackerel (local):

Price: W 36,000 per 10-kg-box for medium

- Fresh Alaska Pollock from Japan:

Price: W 62,500 per 10-box for medium

Frozen Alaska Pollock from deep sea fishing co.:

Price: W 35,000 –38,000 per 18-kg-box